

Iran Nuclear Deal: What to Expect?

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Introduction

On July 15, 2015, Iran and the P5+1 signed the historic Iran Nuclear Deal, also known as the Joint Comprehensive Plan of Action (JCPOA) which placed considerable restriction on Iran's nuclear program and in return agreed to remove the international sanctions from the country. January 16, 2016 marked the implementation day for the deal. Iran opened up its nuclear facilities at Fordow, Natanz and Bushehr and others for inspection by International Atomic Energy Association (IAEA). Iran also dismantled the centrifuges for the preparation of highly enriched uranium, U-235 and diluted the existing stockpile to below 5 percent. Meanwhile, under the Non Proliferation Treaty and Security Council Resolution 2231, the US removed the secondary sanctions it imposed on Iran involving the third party or another country. However, it never removed the US primary sanctions imposed on Iran, despite a requiem of the deal and insistence of Iran that its commitment to the deal predicates on removal of all sanctions. The deal ran into further trouble with the republican US President Donald Trump unilaterally withdrawing from the deal, leaving little room for compliance by other parties of the deal. The US re-imposed crippling sanctions on Iran, and in retaliation, Iran has since last year abandoned some curbs imposed on it by the JCPOA and has started using advanced centrifuges to enrich uranium to 60 percent and restricted international scrutiny of the program.

With the change of government in both Iran and the US last year, and an expression of some willingness to return to the deal from either sides, there seems to be a flicker of hope for the revival of the JCPOA. In the context of these new developments, the paper analyzes whether a revival of the deal is possible in the near future. Specifically it examines the options available on the table for parties on both sides of the deal.

Status of Iran's nuclear program

After the unilateral withdrawal of US from the deal, Iran took a series of steps in breach of its side of JCPOA.

In 2019, in response to the other parties' actions, which Tehran claimed tantamount to violation of the deal, Iran started exceeding against the stipulated limits to its stockpile of low-enriched uranium, and began enriching uranium to higher concentrations though still far short of the purity prerequisite for weapon-grade. It also began developing new centrifuges to accelerate uranium enrichment at Natanz; resuming heavy water production at its Arak facility; and enriching uranium at Fordow, which rendered the isotopes produced there unusable for medical purposes.

In 2020, Iran took more steps away from its nuclear pledges, following a series of attacks on its interests. In January, after the U.S. targeted killing of a top Iranian general, Qasem Soleimani, Iran announced that it would no longer limit its uranium enrichment. In October, it began constructing a centrifuge production center at Natanz to replace one that was destroyed months earlier in an attack it blamed on Israel. And in November, in response to the assassination of a prominent nuclear scientist, which it also attributed to Israel, Iran's parliament passed a law that led to a substantial boost in uranium enrichment at Fordow.

The following year, in 2021 Iran announced new restrictions on the IAEA's ability to inspect its facilities, and soon after ended its monitoring agreement with the agency completely.

The day after the seventh round of nuclear talks resumed in Vienna on November 29, 2021, Iran began enriching a higher-grade uranium—some 20 percent purity—with a cascade of more advanced IR-6 centrifuges than permitted by the pact. According to experts, Iran's breakout time —the amount of time it would take to produce enough weapons-grade uranium for a bomb — has shortened from about 12 months at the time the nuclear pact was concluded to about one month. It could take Iran another two years to produce a nuclear warhead.

Status of negotiation on JCPOA

Although little remains of the deal, the eighth round of the deal has begun in Vienna on December 27, 2021 after they were stalled in April when Iran wanted to resume the process after the presidential election in June and forming of a new nuclear negotiation committee.

The US wanted to be part of the talk but on the basis that it had withdrawn from the deal, Iran has refused to meet directly with U.S. officials, meaning that other parties -- Britain, China, France, Germany and Russia -- must shuttle between the two sides. The other parties of the deal have high hopes from the negotiation, however, there are sharp differences to be resolved between Iran and the US. While the US and also European partners are in a hurry to strike a diplomatic settlement on the dispute with Iran and ready to give weeks, not months to it, Iran feels no obligation to follow a deadline to conclude the talks.

Tehran demands the complete and comprehensive lifting of US sanctions as stipulated in the deal, guarantee that the sanctions will not be re-imposed under any pretext, guarantee that the US will not pull out of the accord again, and that a period of time will be announced for removal of sanctions. It also puts on the table the demand that it should be able to export oil again and be able to obtain revenue in its own banking system. Iran also wants the talks to focus on the sanctions only and not the nuclear issue. However, the Biden administration wants the return of Iran to full compliance to the deal before sanctions are removed. It also wants to add some more clauses to the deal regarding Iran's ballistic missile program and its support to Houthis in Yemen with weapons exports and others and rebel movement elsewhere in the Middle East, which it sees as Iran's push for regional primacy. However, Ebrahim Raisi has been categorical about Iran's missile program and regional issues are non-negotiable and that Washington has to return to the original deal. The US, however, has signaled its intention to strengthen the sanctions regime against Iran if the talks fail to bring Iran into full compliance.

Response of the other side and regional players

Given the strained relations between Iran and the US with mistrust and resentment running deep, coupled with the stakes involved for the regional countries in the deal, it's hard to predict a positive outcome for the intense talks going on in Vienna to restore the nuclear accord.

For Iran, just in the past five years, it is the withdrawal of Trump administration from the nuclear deal, the maximum pressure campaign which led to many international oil and other big companies to exit from the deals with Iran and involved harsh sanction on its Iranian oil and general trade, to cripple its economy. Not just that, during the same period, IRGC's General Qasim Soleimani was targeted and killed in Iraq and Iran's chief nuclear scientist, Mohsen Fakhrizadeh was also shot and killed in Iran. For the US and its allies, it is Iran's continuous work on its ballistic missiles program which they accuse of developing missiles for

carrying nuclear payload, its space program sending satellites into space which it tested just when the talks are ongoing in Vienna indicating its resolve to continue with the programs. Not only that, both US and Iran continue to release lists of sanctions targeting the individuals and businesses of the other side.

Israel

Israel has been against the deal since its onset. It presses for JCPOA 2.0 which would also include constraints on Iran's regional role, ballistic missile program and also the sunset clauses of JCPOA set to expire in 10 and 15 years of the deal. It believes that JCPOA only delays time for Iran to develop a nuclear program which Iran can quite possibly do it concurrently hidden from the world powers and the IAEA. Hence, it presses on Biden's national security advisor, Jake Sullivan, to either negotiate more far-reaching constraints on Iran's nuclear program or tighten the economic noose. In an interview with the New York Times, Israeli Foreign Affairs Minister Yair Lapid said the best outcome would be a stronger deal than the JCPOA, which could ensure Iran never obtains a nuclear weapon, and the worst would be a "bad deal" that provides Tehran enough wiggle room to build a nuclear weapons program at some stage in the future. "Second best would be no deal but tightening the sanctions and making sure Iran cannot go forward."

Saudi Arabia

Like Israel, Saudi Arabia has been vociferously against the JCPOA since the start. It does not want the removal of sanctions from Iran as it would mean Iran can export its oil which would bring it revenue. For the kingdom, it translates to regional threat as Iran may use its economic prosperity to support and finance the proxies in the Middle East and buttress its ballistic missile program. However, recently, Iran and Yemen have rounds of talks where Iran has apparently agreed to halt its support to Houthis in Yemen.

European powers, the E3

The European powers are showing urgency for the settlement of the deal and think Iran is putting maximalist and unrealistic demands while being in continuous violation of the deal. The European powers also feel that with Iran making swift progress in its nuclear program, it may cross the Rubicon, rendering the nuclear talks and the JCPOA itself in vain. At the moment the European powers do not want to dump the ongoing diplomatic track but with no timeframe being given by Iran, it looks the European powers will soon be losing patience with Iran considering it not serious about the talks. In recent weeks, European diplomats have received instructions from their capitals to be prepared, in the event of a breakdown in talks, for the possible re-imposition of sanctions on Iran. The so-called snapback provision of the 2015 nuclear pact permits signatories to re-impose a wide range of U.N. sanctions if they deem Iran is in breach of the agreement. However, for Iran, the E3 never really delivered on its promises and despite installing INSTEX, it never received the economic dividends of remaining in the deal.

What to expect: options for Iran and P5+1

Given the situational analysis, it seems like all parties are walking on a tight rope trying to protect their interests; Iran is trying to save its already crippled economy from the sanctions regime and not to be let down the way it was before. On the other hand, the US and the E3 wants Iran to show full compliance to the original deal before it can be compensated with sanctions removal. For them, time is running as Iran continues to ratchets up its nuclear program.

The question is will Iran breakout? Not a simple answer but from the look of it, it's still highly unlikely. There are many indicators for it. One, from a technological standpoint, the Iranian nuclear program is reaching the point of no return. But Iran still does not possess the required ballistic missile program to deliver the nuclear payloads. Second, given the past precision operation by Israel against Iran's nuclear program and nuclear scientists showing the susceptibility of Iran's nuclear sites to infiltration and very clear threats for the future, it seems highly improbable, which the Iranian officials are most probably aware of, it is quite impossible for Iran to reach the breaking point. Up till now, Iran's nuclear sites have faced various cyberattacks and intelligence failures on their nuclear sites and have not been able to develop capability to fully protect their nuclear assets. Also, in the past too, after the attacks on nuclear sites, Iran has still continued with diplomacy and also concluded the JCPOA in 2015.

Besides their military aspect, Iran's economy is under severe restrictions. Over the last few years, it has conducted oil trade with countries under US embargo in defiance. It has also exported oil to China clandestinely. However, given that it is the fourth largest oil producer, it can hardly rely on the regional countries for the financial revenue it wants for its oil. Secondly, there is a new government in Iran which the West describes as the conservative government given their predilection for developing relations with the eastern countries like China and Russia over the western countries. The election of this new government, speaking in broad terms without taking into consideration the election details and the role of Guardian Council in disbanding the members of the other of 'faction' – the reformists, comes in reaction to the incapability of Rouhani government in bringing the economic prosperity it vowed for Iran from the day one. The disgruntled public and youth of Iran are in desperate need of economic revival of Iran. The resistance economy model given by the previous government, under which it also signed the \$400 billion agreement with China, has also proved to be inadequate or not bringing any immediate result. In the backdrop of an increasing worsening economic situation, the reentry and renegotiation of JCPOA provides some hope for economic relief to Iran, although one it cannot fully trust.

The other point is that the incumbent president of Iran, Ebrahim Raisi, is being described as the choice of Iran's establishment for the next Supreme Leader replacing Ayatollah Ali Khamenei. This can be interpreted in either way: one, Raisi may stick to the ideological preference of his faction that brought him into power and also holds his future of becoming the Ayatollah and refrain from any constructive engagement with the West, meaning not a positive outcome for the deal. He may also want to not negotiate the deal as it may be seen in continuation to the achievement of Rouhani. Two, it could also mean that Raisi may try to salvage the Iranian economy and may want to use the option of renegotiating a settlement on JCPOA, however, it is precarious given the outcome bore by his predecessor for the same.

The other significant point which may hamper Iran from walking away from the negotiating table is the stance of China and Russia on Iran's nuclear program. Both countries look at Iran as a valuable resistance against the US in the region and a bulwark for multipolarity, however, still both countries do not want Iran to breakout and have played a persuasive role in bringing Iran not only to the table but also to make reasonable demands.

The Biden Administration wants to renegotiate the deal as it was one of the major successes of Obama Administration and if successful, would be the hallmark of Biden for stalling Iran's nuclear program and bringing peace in the region. However, if the negotiation does not come to any concrete result and Iran deems it better to walk away, the ball would roll into the court of western countries. Apparently, the US will notch up its coercive diplomacy against Iran while the tensions are already high against both countries. It may also use the threat of war or if not a full-fledged war, it may conduct Operation Osirak-style precise counterforce operation or cyberattacks as already held by Israel against the nuclear program. The E3, the

UN, will re-impose the sanctions against Iran and the other countries in support of Iran. In this situation, for Iran, the option will be blocking the Strait of Hormuz, increasing its support for the proxies in the Middle East and overall trying to chart a nexus against the western countries. Can such a situation transpire? Given the domestic situation in US, the possibility of another misadventure after the recent ignominious withdrawal from Afghanistan, the disengagement of CENTCOM and overall situation due to COVID-19, it seems unlikely at least in the near future.

For region, it would bid well. Iran's regional opponents, most likely, Saudi Arabia, Egypt, and UAE would be triggered to have a nuclear program. Both UAE and Saudi Arabia have recently expressed interest in nuclear program of their own and UAE has also established its nuclear reactors for civil purposes. A region that is already conflict ridden can easily become a tinderbox.

Conclusion

The JCPOA has been both described as the bad deal and the good deal. Given the regional complexities and the stakes of the players involved, whether part of the negotiation or outside, it seems the current nuclear negotiations holds the future for peace and stability of the region. As the talks proceed, the question that keeps coming back is will all parties of the negotiation honor the deal and for how long, and this seems to be main glitch in bringing trust and confidence in the talks.